



Douglas County Internal Audit

December 29, 2011

Douglas County Board of Commissioners
1819 Farnam Street, Suite LC2
Omaha, NE 68183

Attention: Mary Ann Borgeson, Clare Duda, Mike Boyle, Marc Kraft, PJ Morgan,
Chris Rodgers and Pam Tusa

Jan Pelletier, Director Douglas County Department of General Assistance

Omaha, NE 68116

Dear Commissioners and Ms. Pelletier:

I have completed an audit of the County's Department of General Assistance (GA). The purpose of the audit was to assess the adequacy and effectiveness of the processes used as outlined in the GA Program Guidelines. The audit revealed that, overall, the Program Guidelines are being followed and the Department is fulfilling its duties as required by state statutes. The details related to the audit appear below.

Background

Chapter 68 of the Nebraska Statutes requires counties to provide for the poor of the county who are not eligible for any other governmental assistance and do not have a parent, stepparent, or spouse responsible for their support. These statutory requirements are the basis for the programs administered by the GA Department which are considered to be "programs of last resort."

The following items are payable or provided through the general assistance programs:

- Shelter - includes rent and utilities (no security deposits)
- Medical care through the Primary Health Care Network
- Transportation
- Non-food necessities (includes laundry, housekeeping supplies and personal care items)
- Clothing
- Cremation expenses

The GA Program Guidelines outline the requirements for eligibility for both clients and the vendors that will be paid on their behalf.

Objective

The audit was conducted to determine the adequacy and effectiveness of the processes used as outlined in the GA Program Guidelines. Assessments and tests were conducted to determine if the Department met the following objectives:

- Management has defined and communicated criteria for GA program eligibility.
- Management has established procedures to verify that clients qualify for GA programs
- Management has procedures in place to safeguard assets provided to clients including adequate segregation of duties.
- Management has procedures in place to verify the propriety of vendor payments made on behalf of clients.
- Management has procedures in place to actively pursue reimbursements from clients or vendors when appropriate.

Scope

The Program Guidelines effective as of January 1, 2010 were used as the criteria to assess test results. The examination included testing of individual payments and records from January 1, 2011 through November 10, 2011.

Methodology

As noted above, Internal Audit used the current Program Guidelines as the criteria for assessing the adequacy of the procedures in place related to vendor payments. (The Guidelines are available at various County locations and online at www.douglascounty-ne.gov/generalassist/.) To test the effectiveness of the procedures, forty-five vendor payments from forty-three separate client cases were selected for review. The payments were randomly selected from all GA vendor payments made from January 1, 2011 through November 10, 2011. The documentation within the files was used to determine if the caseworkers had properly assessed the clients' financial conditions for eligibility and that the individual payments were verified for propriety.

The procedures used to process the vendor payments were also assessed to see that the proper segregation of duties was maintained and that the payments were processed completely and accurately. Additionally, Internal Audit reviewed the adequacy and effectiveness of the procedures used to safeguard and distribute merchandise cards used by clients to obtain non-food necessities. Thirty daily and ten weekly merchandise card audits were reviewed to see that the audits were completed effectively. The safeguarding of the cards was also reviewed including appropriate segregation of duties.

The evidence gathering and analysis techniques during the audit included, but were not limited to:

- Interviews of General Assistance management.
- Reviews of various departmental policies and procedures.
- Examination of the propriety of individual vendor payments.
- Reviews of client files for evidence of caseworker efforts verifying client and vendor eligibility.
- Review of client files for appropriate supervisory review.
- Review of client files for appropriate supporting documentation.
- Examination of daily and weekly audits of merchandise card distributions and on-hand physical counts.
- Observation of facility access.
- Assessment of segregation of duties regarding merchandise card security and access to the General Assistance IMS System.

The issues identified by the audit appear in the Findings section below.

Findings

Client Case Documentation

Criteria: Client files should clearly support the work performed by caseworkers and all decisions made by them as they verify client eligibility for General Assistance.

Condition: Forty-three client files were reviewed. There were eight instances where either additional documentation or follow-up was needed to provide full and complete evidence to support the caseworkers' actions or conclusions regarding client eligibility or actions required of clients. Specific issues are identified below:

- There were five instances where the caseworkers did not fully document property searches.
- There was one instance where medical statement documentation did not support client exemption from job training or community service subsequent to the initial exemption.
- There were two instances where the Statement Regarding Current Living Situation forms indicated that they were signed by someone other than the landlords per the signatures on the Vendor Certification documents.

Effect: The conditions specified above do not necessarily indicate that a client did not or would not have met eligibility requirements. The conditions indicate that there was not full and complete documentation supporting eligibility or the actions required to be met by clients to continue future eligibility.

Cause: The policies in place were not specific in detailing the type of documentary evidence and what supervisory review was required in the files for each eligibility requirement (e.g. the requirements of what documentation would be needed in the file to provide evidence of property searches).

Recommendation: Providing complete documentation provides clear evidence that caseworkers verified all conditions related to client eligibility. To help ensure that caseworkers obtain all documentation, consider developing a checklist for caseworkers and supervisors that includes all actions required of them each month and at the time of recertification. Date and initial each item on the checklist as they are completed. Obtain copies of appropriate documentation and include them in the case files. Additionally, follow-up on the items noted above where all issues may not have been fully resolved.

Management Response: Management will investigate developing a checklist to ensure all eligibility requirements have been verified. Staff will be trained on the 2012 Guidelines prior to year-end and we will stress the importance of including documentation proving eligibility verification including computer system screen prints where appropriate.

Merchandise Card Inventory

Criteria: To properly account for inventory distributions and stock on-hand, physical inventory counts should be compared to perpetual records.

Condition: There was no perpetual record kept that could be used to compare to when conducting the weekly physical count of merchandise cards on-hand.

Effect: Without a perpetual inventory record, management could not be sure that the physical counts reflected the cards that should have been on-hand based upon cards received and issued. Management may not be able to identify all overages or shortages.

Cause: Management did not maintain a perpetual inventory for merchandise cards.

Recommendation: Establish a simple perpetual inventory system to track merchandise cards. Begin with the next physical count as the starting point. Add all receipts and deduct all issuances from that point forward. Compare the physical counts to the records to identify overages or shortages. Ensure that the person keeping the records does not physically receive, issue, or have access to the card inventory and have someone independently observe the counts.

Management Response: Management has revised its merchandise card policy per your recommendation. The weekly audit report now includes a perpetual record of the card inventory and distribution. We will begin using the new audit sheet immediately.

Audit Standards

Internal Audit conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the audit is planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Internal Audit believes that the evidence obtained provides a reasonable basis for its findings and conclusions based on the audit objectives.

Internal Audit appreciates the excellent cooperation provided by the GA Department's management and its staff. If you have any questions or wish to discuss the information presented in this report, please feel free to contact me at (402) 444-4327.

Sincerely,

Mike Dwornicki
Internal Audit Director

cc: Paul Tomoser
Jack Armitage
Ron Bucher
Joni Davis
Trent Demulling
Donald Stephens
Tom Cavanaugh
Kathleen Kelley
Joe Lorenz
Patrick Bloomingdale
Deb Redding
Kathleen Hall
Fred Weber